

LIBRARY DISTRICT ESTABLISHMENT AND CITY ANNEXATION

SETTING UP A NEW LIBRARY DISTRICT

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After proposing and placing a library district proposition on the ballot, campaigning for it, and achieving a successful citizen vote to establish the library district, the work of developing a “real” library begins. There are a variety of steps that must be accomplished to legally establish the district, appoint the board, create the financial structure, and establish the initial service plans. These steps are outlined below.

Certify the New District

In order to collect taxes in the next succeeding year, a new district must be certified to the county and the Washington State Department of Revenue by March 1 if the district is **not** coterminous (e.g. not having the same boundaries) with another taxing district or by June 1 if it does have the same boundaries. (RCW 84.09.030; WAC 458-12-140). In order to certify, the county assessor sends a letter certifying boundaries, with copy of voter-approved ballot resolution, to the Department of Revenue, Property Tax Division.

Commissioners Appoint the Library Board Members

It is the responsibility of the county commissioners to appoint members to a library board, whether it is a countywide or partial-county library district. The commissioners should appoint board members to one, two, three, four, and five-year terms respectively. Each county may have its own process for selecting library board members, however, supporters of the library may assist them, if appropriate.

Interested library supporters can volunteer to work with county officials to develop a process to select library trustees.

Members of the library district or partial-county library district planning committee may wish to submit names and resumes to assist the county commissioners in selecting knowledgeable library board members.

Meet as Library Board

Once members of a new library district or partial-county library district board are appointed, they should meet as soon as possible to:

- Write and adopt bylaws for the work of the library board.
- Elect officers.
- Set up a regular schedule for board meetings.
- Read and review duties and responsibilities set out in this *Public Library Trustee Reference Manual*, published by Washington State Library.
- Begin determining how to fund services for the first year and developing a preliminary budget.
- Begin planning for library services, including hiring of the library director.

Determine Interim Funding Sources

As a part of its budget planning, the library board must decide how to cover the expenses of the library district for the period between the time the election is certified and the first property taxes are received. New districts may choose to use a combination of the options listed below in order to best provide for the start-up of the library. Potential options include:

- Obtaining a line of credit from a bank.
- Raising funds from the local community.
- Requesting federal funds from the Washington State Library by writing a letter to the chair of the Washington State Library Commission asking for the appropriate mechanism for obtaining assistance.
- Delaying significant cost-incurring activities until funds are available.
- Obtaining funds from a local or regional foundation or other philanthropic organization.

Select an Approach to Providing Library Service

Depending on the size of the district, the geographic location, and whether it is a countywide district or partial-county district, several options are available for providing library service. They include:

- Contracting with an existing local city library for library service.
- Contracting with another district library for library service.
- Establishing library service from the ground up.

Determine Methods to Plan Library Service for the District

If the decision is to set up library service from the ground floor, additional decisions must be made. Once funding sources are known, the library board should investigate the variety of methods to begin planning for new services and select the one which best fits their local situation. Based on funds available, the needs of the area, and the availability of personnel, alternatives for assistance in developing services could include:

- Hiring a new library director to help the board plan and set up the services.
- Contracting with a local or regional librarian/library director to assist part-time in the initial planning.
- Hiring an independent library consultant or several different consultants, depending on their subject specialties, to assist in the initial planning.
- Asking a local planner or library board member to assist in the initial planning process.

New districts will probably want to use a combination of the above options to gather the most creative, cost-effective and locally appropriate approach to planning for library services.

Preliminary Plan for Library Services

The library board should begin planning and policy development for the new library district on its own or with the assistance of the new library director, a consultant, or interim staff.

Potential activities that the library board may take in preparation for setting up library services include:

- Holding public meetings/forums to gather input from the public on what services they value most and expect from the library, where those services should be located, and how they wish to be kept informed on the development of services.
- Investigating types of library services and costs.
- Investigating potential partnerships with other libraries.
- Determining best methods to reach residents in convenient areas such as branches, outlets, bookmobiles, deposit collections, books by mail, and/or other.

Prepare a Preliminary Budget

The library board prepares a preliminary budget. It should check with the assessor to get the most up-to-date information on assessed valuation so that it can estimate property tax revenue.

Library districts are required to hold public hearings on revenue sources and proposed property tax levies. (RCW 84-55.120) These usually are held in November (before November 15) in order to have access to the most up-to-date information from the assessor.

While the library board does not need to have formally adopted a preliminary budget in order to adopt a property tax levy rate, developing a preliminary draft of the budget can assist the board in setting a rate which will insure the district has sufficient funds to provide effective library service.

The budget should include funds for salaries and benefits, contracts for services, facilities maintenance, materials collection, computer technology, utilities and telecommunication costs, and electronic database services.

For further information on district budgeting, see Chapter 17 of this *Reference Manual*.

Set a Tax Levy Rate

The library board must adopt a property tax levy rate and submit it to the county legislative body by November 15 (RCW 84.52.020) of the year in which the new district is allowed to make its first levy. The board must state the amount of the levy, which will be the chosen tax rate for the initial levy. The maximum rate that the board may levy is 50 cents per thousand dollars assessed valuation. At the time the levy rate is adopted, the district will not know its final assessed valuation because necessary information from the state is not provided until December. For this reason, most assessors will allow taxing districts to request a certain levy amount in their resolution and add the phrase, "or the maximum allowed by law."

Most new districts select to set the initial rate at or very close to the maximum amount allowed by law. If the board chooses a lower rate, it should have carefully analyzed the amount of money needed to provide effective library services to its residents. When the tax rate is set too low initially, the new district may not be able to meet the needs and expectations of the voters of the new district nor can it expand to meet the future needs of new residents. Once the rate is set, it cannot be raised without a vote of people.

Adopt an Official Budget

The library district board of trustees adopts the official budget at a public meeting, usually at its regular December meeting.

Timing of Receipt of Property Taxes

Money derived from the property tax will start to become available to the library district in May of the year following its initial property tax levy. This could be many months after the district was formed. As mentioned above, the boundaries of the district, for the purposes of levying taxes, are set on June 1, if the district has boundaries that are identical to another taxing district. Otherwise, boundaries are set on March 1. If a district was established by a vote in November of Year 1, for example, it cannot levy property taxes until November of Year 2 for collection in Year 3.

At least one-half of the property tax is due from taxpayers on April 30 and the remainder is due on October 31. Thus, the district will receive the bulk of its property tax distributions in May and June and November and December. The county treasurer must, on or before the 10th of the month, transfer to all taxing districts their respective shares of taxes collected the previous month. (RCW 84.56.020). Some counties transfer property taxes daily rather than pay interest to the districts for the time the revenues are held prior to distribution. In these counties, the districts receive most of their revenues in May and November.

RESOURCES

A variety of information and resources are available to assist the board in these tasks. It is wise to contact local sources first since they are most pertinent to the library's area. If these sources are unavailable or unfamiliar with the issues follow up with the other sources listed below.

- County prosecuting attorney
- County assessor
- County treasurer
- Library director and/or library trustees of neighboring libraries

Independent library consultants (Consider contacting neighboring libraries and/or Washington State Library for names of potential consultants)

State agencies and statewide organizations
Washington State Library
P.O. Box 42460
Olympia, WA 98504-2460
360-753-5592
1-800-562-6090
<http://www.statelib.wa.gov>

Washington State Department of Revenue
Property Tax Division
PO. Box 47471
Olympia, WA 98504-1331
360-570-5860

Washington State Association of Counties
206 10th Avenue SE
Olympia, WA 98501-1331
360-753-1886
<http://www.wacounties.org/wsac/>

Association of Washington Cities
1076 Franklin Street SE
Olympia, WA 98501-1346
360-753-4137
<http://www.awcnet.org/>

CITY ANNEXATION TO A LIBRARY DISTRICT

Information Prepared for Use of the Sno-Isle Regional Library System

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With additional information contributed by the Municipal Research Services Center

Purpose

Annexation of a city into a library district removes the obligation of a contracting city to pay for library service from its general operating fund, and it initiates a process which allows the library district to levy taxes within the boundaries of a city at the same rate and on the same basis that the library tax is levied in surrounding unincorporated areas. The taxpayers within the city assume the responsibility for paying directly for library services as if they lived in the unincorporated area.

Impact on City/Town Taxes

- Library annexation legislation allows a city to increase its maximum property tax levy rate from \$3.375 to \$3.60 per \$1,000, less the levy rate for the library district. If a library district's rate were set at \$0.50 per \$1,000, the maximum rate a city could levy would be \$3.10 (\$3.375 to \$3.60 - \$.50=\$3.10).
- A city that is annexed to a library district and a fire district will have its maximum levy rate reduced by both of the districts' levy rates.
- What happens to the city's actual levy rate after annexation depends on what its rate is at the time of annexation, what the library district rate is, and city council policy. If the library tax rate is \$0.50 per thousand dollars assessed valuation and if the city's rate is \$3.10 or higher, the city rate will fall after annexation. For example, take a city whose rate before annexation was \$3.25 per thousand dollars assessed valuation. It would have to lower its rate to \$3.10 if it annexed to the library district.

The assessment for library service would be levied separately by the library district, therefore relieving the city of having to pay the library fee out of its general operating fund. The sum of the city and library district rates would be \$3.60 (\$3.10 + 0.50) after annexation. The city council could, if it chose, reduce its levy to \$2.75 so that the sum of the two levies would be \$3.25, the same as it was before the annexation.

- If the city's rate is \$3.10 or less before the annexation, it would not have to lower its rate.

Cost to the Taxpayer

Sno-Isle Regional Library District's levy rate in 1999 is \$.50 per \$1,000 assessed property valuation. Residents of annexed cities and the unincorporated areas of the county with property valued at \$100,000 will pay \$50 in taxes to the Library District. Under state law the maximum allowable levy rate for library districts is \$.50 per \$1,000.

Enabling Statute

Revised Code of Washington 27.12.360 – 27.12.395

Annexation Procedure

- A city council submits a proposed ordinance stating its intent to join the library district and finding that the public interest would be served thereby to its local city library board for review and recommendation. If no local library board exists, the State Librarian is to be notified of the proposed ordinance.
- The council adopts the proposed ordinance.
- The ordinance is submitted to the Sno-Isle Regional Library Board of Trustees for its concurrence in the annexation. The Library District Board approves or disapproves the city's request.
- The city and the Library District negotiate and approve a Library Annexation Agreement.
- The city's request, if approved, is submitted to the county council or commission asking that a special election be held within the city on a date as provided for in *RCW* 29.13.010, but not less than 45 days before the election is scheduled. Cities assume all costs related to an annexation election.
- A simple majority of the persons voting on the proposition determines the outcome of the election.
- The annexation may be reversed by a city council-initiated special election any time three years or more after the annexation.

Deadlines for Considering Annexation Requests

- The Sno-Isle Regional Library Board meets monthly on the fourth Monday. To allow adequate time for Board action and action of the county council or commission, an annexation request must be considered by the District's Board no later than a meeting held at least one month before the election filing deadline, which is 45 days before the election date. Filing for future elections are available from the county Elections Office.
- A request for Board action on an annexation request should be made no later than one week prior to the scheduled Board meeting.

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- The Board of Trustees may consider holding a special meeting to act on an annexation request, if necessary.

Timing of Annexation and Levy of Taxes for Library District

The new boundaries of the library district must be set by June 1 in order for it to levy taxes in November of that year for collection in the following year. (RCW 84.09.030(3)). The first half of the year's property taxes are due April 30 and the county treasurer will begin sending the district taxes collected in the city. This means that even if the city annexes to the library district in May (the latest possible time to do so and meet the June 1 deadline), it will still be almost 12 months before the district receives any tax revenue from the city's properties. During this period, however, the city's citizens will be able to use the library since they are part of the district from the time when the election is certified. Since this situation is predictable, a library district may require the city to sign an interlocal agreement to pay for library services during this period.

Note that if the annexation takes place after June 1, there will be an even longer period between the time the city becomes part of the district and the district receives any property taxes. If, for example, the annexation election is held in November of Year 1, the district may not levy taxes in the city until November of Year 2, with the first collections coming in May of Year 3.

Library Annexation Agreements

- The Agreement is a brief document that details the city's and the Library District's obligations in the event that the annexation election is successful. The following terms of such an agreement are recommended.
- The Library District assumes the responsibility for the interior custodial maintenance and utilities expenses of libraries in cities that are annexed.
- The city continues to be responsible for other maintenance and repair of the building as well as insurance.
- The city keeps its voice in library operations through the city-appointed library board and its management of the library building.